

Nantucket Regional Transit Authority

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Minutes of the Finance and Audit Committee Meeting of July 23, 2014. The meeting took place in the Training Room of the Nantucket Police Station, 4 Fairgrounds Road, Nantucket, MA 02554. Members of the Board present were: Rick Atherton, Robert DeCosta, Bruce Miller, Matthew Fee, and Tobias Glidden. Absent was Karenlynn Williams. Chairman Atherton opened the meeting at 5:55 p.m.

Approval of Minutes from the February 19, 2014 Meeting. The minutes of the February 19, 2014 meeting were approved by unanimous consent of the Board.

Discussion of the Fiscal Affairs of the Authority. Paula Leary, NRTA Administrator provided the Board with the following information: The NRTA has an independent accountant that reviews the financial activities of the NRTA on a monthly and annual basis. The independent accountant understands the entity and is familiar with all transactions of the NRTA. An internal controls checklist has been developed that verifies various transactions, for example but not limited to: computer controls, farebox and pass sale controls, revenue and receivables controls, expenditures, payroll controls and all balance sheet accounts, and inventories. A review of various areas is done to identify fraud risk and inherent risk and make sure they don't exist and are covered by controls. An example of inherent risk is cash. The independent accountant completes and does an internal audit of balance sheet accounts both monthly and annually. An analytical review is done monthly and annually. A review of the following areas is done: related party transactions, minutes, review commitments and contingency testing. The NRTA has an Accounting Procedure Manual in accordance with the Federal Government's Office of Management and Budget's (OMB) Common Rule (49 CFR Part 18). Attached is a copy of the Table of Contents of the Account Procedure Manual. There are internal controls Relative to Federal Award Programs that include, but not limited to: risk of materials non-compliance assessment, inherent risk of non compliance assessment, compliance with activities allowed and not allowed, cash management, allowable costs, and matching compliance. There is also OMB Compliance Supplement Testing, FTA cross-cutting section compliance, and formula grants for rural areas compliance testing. The independent auditor reviews internal controls over financial reporting and testing internal controls and transactions. Recommendations for improvements would be made the auditor in the management letter that is part of the audited financial statements and communicated to the Advisory Board. The NRTA has



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not had any findings relative to internal controls for the past several and the fiscal affairs of the Authority are sound. The FY14 audit is currently being conducted and the auditor will make a report to the Finance and Audit Committee upon it's issuance in September. Mr. Atherton commented that the NRTA has a small staff and feels comfortable with segregation of duties with the independent work being done monthly. Mr. Fee moved to accept the report given; seconded by Mr. Miller. So voted.

The meeting was unanimously adjourned at 5:59 p.m.

Approved: October 22, 2014

